

> **Population:**  
About **43 million people**

> **GDP:**  
About ¥**164 trillion**

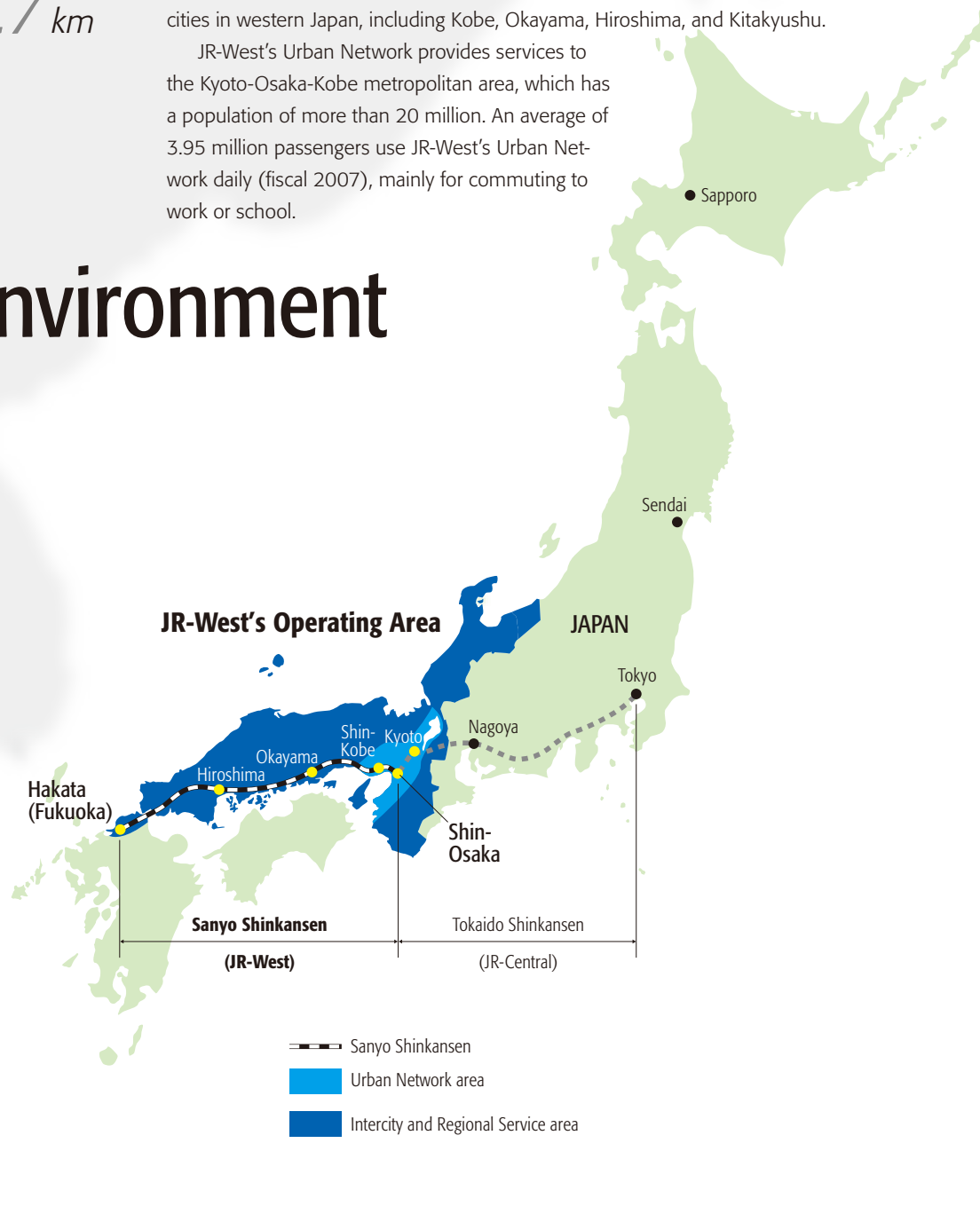
> **Route Length:**  
About **5,023.7 km**

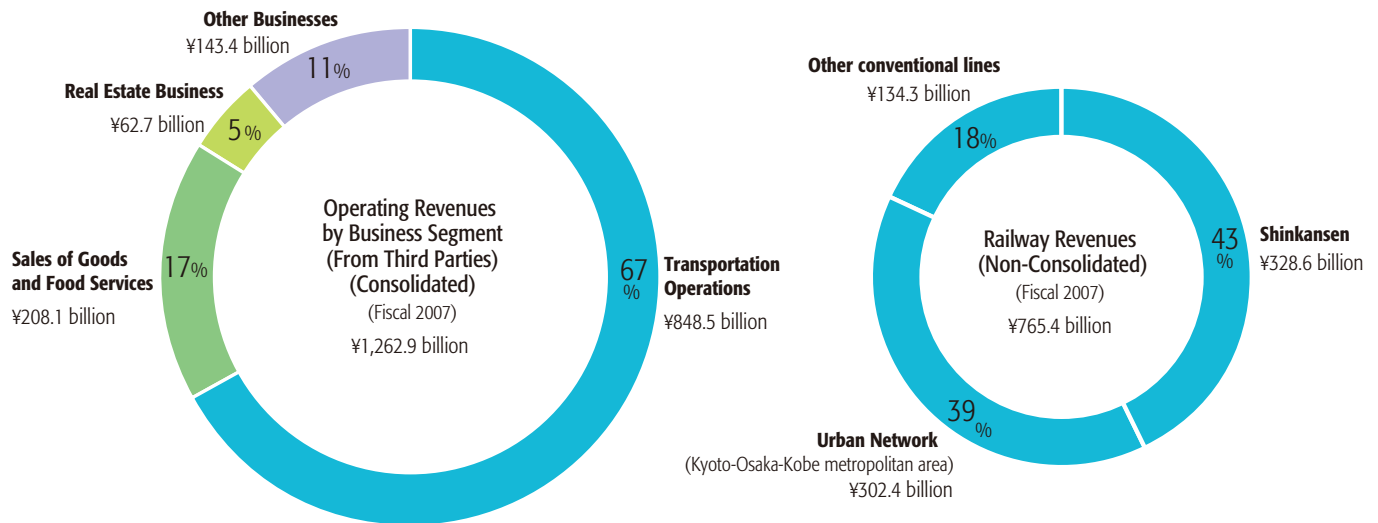
JR-West operates a railway network that stretches across an area of approximately 104,000 square kilometers, covering 18 prefectures in western Honshu and the northern tip of Kyushu with a total operating kilometerage of 5,023.7 kilometers. In addition to railway passenger services, JR-West operates retail, real estate, and other businesses that offer synergistic benefits with the railway business. The area served by JR-West's rail network is home to approximately 43 million people—34% of Japan's population—with a nominal GDP amounting to ¥164 trillion.

A significant portion of JR-West's revenue is derived from the Sanyo Shinkansen, a high-speed intercity transport line running at speeds of up to 300 kilometers/hour between Shin-Osaka Station in Osaka and Hakata Station in the city of Fukuoka in northern Kyushu. The line runs through several major cities in western Japan, including Kobe, Okayama, Hiroshima, and Kitakyushu.

JR-West's Urban Network provides services to the Kyoto-Osaka-Kobe metropolitan area, which has a population of more than 20 million. An average of 3.95 million passengers use JR-West's Urban Network daily (fiscal 2007), mainly for commuting to work or school.

# Business Environment





# Business Overview

## RAILWAY BUSINESS

JR-West has a total operating kilometerage of 5,023.7 kilometers, accounting for slightly less than 20% of the total operating kilometerage in Japan. By line, the high-speed intercity transport line Sanyo Shinkansen accounts for 644.0 kilometers, the Urban Network serving the Kyoto-Osaka-Kobe metropolitan area 621.7 kilometers (954.0 kilometers including the three branch offices in Kyoto, Osaka, and Kobe), while other conventional lines (excluding the three branch offices) extend a total of 3,425.7 kilometers.

Transport operating revenues for fiscal 2007 (ended March 31, 2007) were derived 43% from the Sanyo Shinkansen, 39% from the Urban Network, and 18% from other conventional lines.

JR-West also operates bus and ferry services in addition to railways. The combined operating revenues in the Transportation Operations segment from these services accounted for approximately 67% of consolidated operating revenues (from third parties) in fiscal 2007, and around 71% of consolidated operating income.

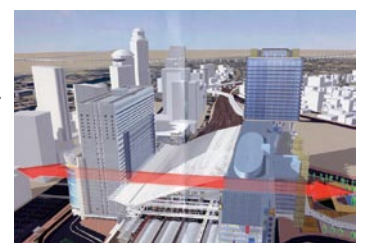


The new N700 Series Shinkansen

## NON-RAILWAY BUSINESSES

Along with its railway and other transport services JR-West utilizes its far-reaching network of stations and the large populations they serve to operate a variety of businesses that are either related to the railway business, or serve to supplement and/or strengthen it. These businesses include (1) sales of goods and food services business consisting of department stores, retail specialty stores, conveniences stores, Kiosk stands and restaurants in or near station premises; (2) a real estate business consisting of shopping center operations, development of commercial facilities around stations and underneath elevated tracks, and housing developments near railway lines; and (3) various other businesses such as hotels, travel services, advertising, rental cars, and construction.

Operating revenues from the Sales of Goods and Food Services, Real Estate Business and Other Businesses segments accounted for approximately 17%, 5%, and 11% of consolidated operating revenues (from third parties), respectively, in fiscal 2007, and around 4%, 16%, and 9% of consolidated operating income.



Renovation of Osaka Station

## ELEVEN-YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

Years ended March 31	1997	1998	1999	2000	2001
<b>For the Year:</b>					
Operating revenues	¥ 1,209,266	¥ 1,229,137	¥ 1,205,078	¥ 1,191,009	¥ 1,195,516
Operating income	136,649	118,111	117,941	107,758	111,877
Net income (loss)	35,638	19,931	(9,014)	25,091	30,961
Return on assets (operating income basis)	5.2%	4.5%	4.5%	4.2%	4.4%
Return on equity (ROE)	11.5	6.1	(2.8)	7.6	8.1
<b>Per Share Data:</b>					
Net income (loss)	¥ 17,819.41	¥ 9,965.54	¥ (4,507.03)	¥ 12,545.62	¥ 15,480.62
Cash dividends	6,000	5,000	5,000	5,000	5,000
Net assets	162,132.73	165,917.46	156,308.87	174,423.63	206,822.51
<b>At Year-End:</b>					
Total assets	¥ 2,670,075	¥ 2,632,327	¥ 2,574,195	¥ 2,561,095	¥ 2,576,301
Total net assets	324,265	331,834	312,617	348,847	413,645

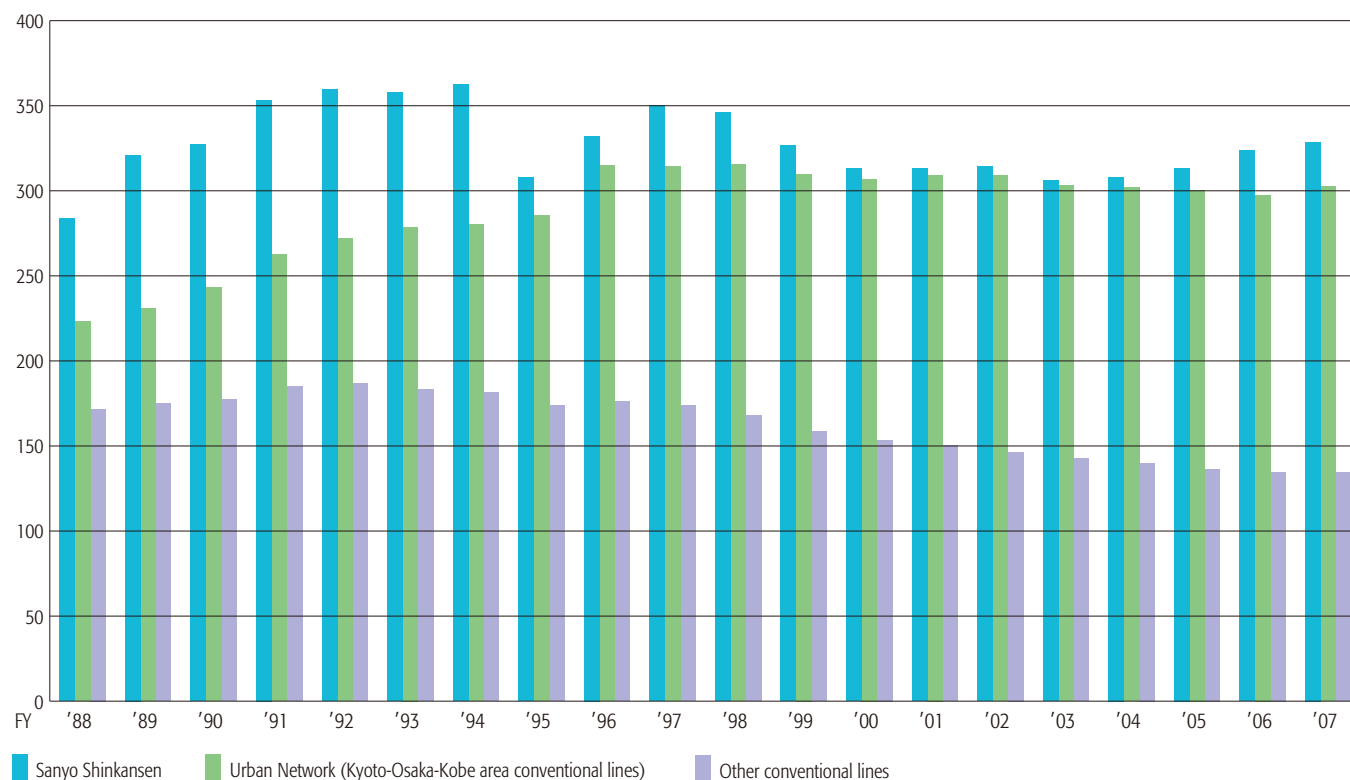
Note: Yen figures have been converted into U.S. dollars at the rate of ¥118=U.S.\$1.00, the approximate exchange rate at March 31, 2007.

# Performance

## 20-YEAR RAILWAY OPERATING REVENUES

### Transportation Revenues

(Billion ¥)

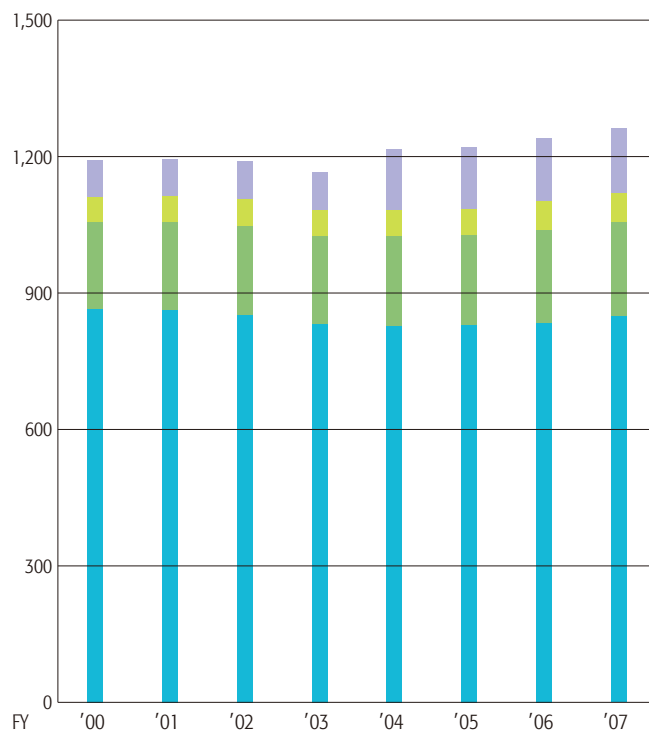


2002	2003	2004	2005	2006	2007	2007
Millions of yen, %						Millions of U.S. dollars (Note)
¥ 1,190,610	¥ 1,165,571	¥ 1,215,735	¥ 1,220,847	¥ 1,240,098	<b>¥ 1,262,935</b>	<b>\$ 10,702</b>
117,649	122,636	126,930	133,100	135,218	<b>135,341</b>	<b>1,146</b>
45,537	41,644	47,016	58,996	46,525	<b>56,791</b>	<b>481</b>
4.7%	5.1%	5.2%	5.6%	5.7%	<b>5.7%</b>	
11.0	9.8	10.2	11.8	8.5	<b>9.7</b>	
Yen						U.S. dollars (Note)
¥ 22,768.68	¥ 20,740.12	¥ 23,423.19	¥ 29,462.96	¥ 23,281.96	<b>¥ 28,415.07</b>	<b>\$ 240</b>
5,000	5,000	6,500	6,000	6,000	<b>6,000</b>	<b>50</b>
205,740.04	220,284.84	239,876.24	262,232.61	282,245.00	<b>303,906.52</b>	<b>2,575</b>
Millions of yen						Millions of U.S. dollars (Note)
¥ 2,416,787	¥ 2,432,713	¥ 2,410,358	¥ 2,364,322	¥ 2,355,969	<b>¥ 2,401,667</b>	<b>\$20,353</b>
411,480	440,556	479,762	524,357	564,254	<b>637,849</b>	<b>5,405</b>

## BY BUSINESS SEGMENT

### Operating Revenues (From Third Parties)

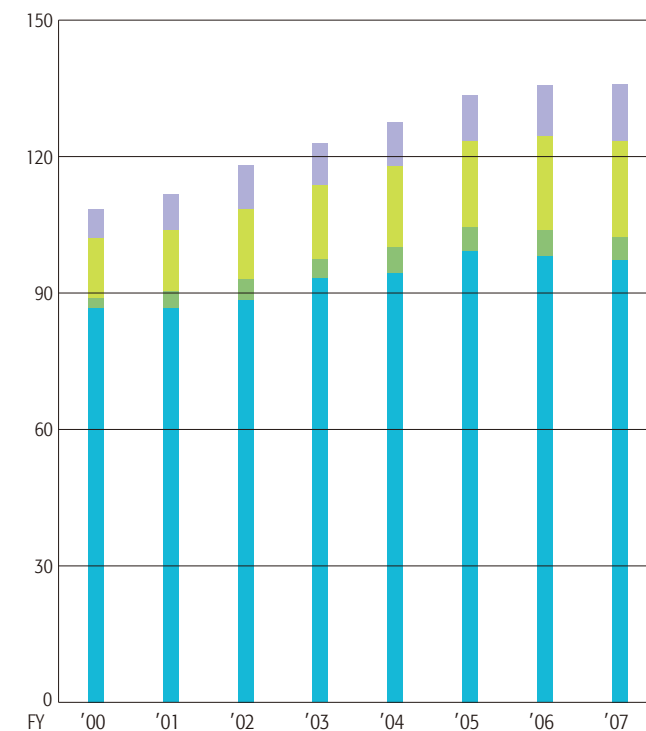
(Billion ¥)



■ Transportation Operations  
■ Sales of Goods and Food Services  
■ Real Estate Business  
■ Other Businesses

### Operating Income

(Billion ¥)



■ Transportation Operations  
■ Sales of Goods and Food Services  
■ Real Estate Business  
■ Other Businesses